

Board of Treasury, June 22, 1786

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SIR,

WE do ourselves the honour of submitting, through your Excellency, to the consideration of Congress, the report of this board on the requisition of the present year. From this, Congress will observe, that the sum of 2,170,337 dollars is necessary to be raised by this requisition in actual specie, out of which no less a sum than 1,724,426 dollars are due on the foreign debt.

If it be asked, what expectations there are that the several states will raise, by the ordinary mode of requisition, the sums required by the proposed report, the answer obviously is, That no reasonable hope of this nature can possibly exist; for, exclusive of the sum last mentioned, almost the whole of the specie required by the requisitions of the 27th of September last, which amounted to one million of dollars, is still unpaid, though the period of payment was fixed for the 1st of May last; together with a specie balance due on the requisition of the 27th of April, 1784, of about one million of dollars; so that the actual sum which ought to be paid by the several states, into the public treasury, before the first of January next, is at least 3,700,000 dollars.

In examining the measures which have been adopted by the several states for carrying into execution the last requisition, we find that,

New-Hampshire did, on the 20th of February last, pass an act for raising and paying into the general treasury, on or before the first day of May next, the sum of 35,000 dollars, being the specie proportion of that state's quota on the requisition of the 27th September

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last; but no provision is made by the said law for furnishing her proportion of indents of interest.

That Massachusetts did, on the 23d March, 1786, pass an act for complying with the requisition of Congress of the 27th September last, excepting that the proportion to be paid in specie, is not required to be paid into the general treasury before the first day of January, 1787.

That Rhode-Island did, in the month of October last, pass an act in compliance with the requisition of the 27th September last.

That Connecticut has not, to the knowledge of this board, passed any act in compliance with the said requisition.

That New-York has, by their act of the 20th April, 1786, directed their treasurer to pay into the general treasury, on or before the first of May next, the sum of 85,495 dollars, being their specie proportion of the last requisition, and the balance of one hundred and seventy thousand nine hundred and ninety dollars 60-90ths in indents of interest, on or before the first of January next; but it does not appear by the said act, that any funds are specified, or tax laid, for producing the sums above mentioned.

That the state of New-Jersey has not passed any act in pursuance of the requisition of the 27th September last.

That the state of Pennsylvania has, by their act of the 8th March, 1786, directed their treasurer to pay, to the order of the United States, such a sum in specie, as, together with the sums paid on account of the requisitions of the 27th and 28th of April, 1784, and 27th September, 1785, would make the sum of 557,091 dollars in specie, and the further sum of 593.684 dollars in receipts, or certificates of interest; but it is to be observed, that the sum directed to be paid by discounts in interest, is 86,657 dollars more than the state has a right to avail itself of on the requisition of the 4th September, 1782, 27th April, 1784,

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and 27th September, 1785; and that the amount directed to be paid is short (by the above mentioned overplus in indents of interest) of the actual sum in specie required of that state, by the requisitions of the 27th and 28th April, 1784, and 27th September, 1785.

That the state of Delaware, has not, to the knowledge of this board, passed any act in pursuance of the last requisition.

That the state of Maryland did, at their last sessions, pass an act providing for the payment of the sum of 94,350 dollars in specie (being the proportion of the specie required of that state by the requisition of the 27th September last) but it does not appear that any provision has been made by the said state for the payment of the indents of interest required by the said requisition.

That the state of Virginia did, on the 21st of January last, pass an act in full compliance with the last requisition.

That the state of North-Carolina has not, to the knowledge of this board, passed any act in compliance with the requisition of the 27th September last. By an extract of an act of the legislature of the said state, passed on the 29th December last and transmitted to this board by his Excellency Governor Caswell, it appears, that the said state has directed 1400 hogsheads of tobacco to be purchased in the present year; the proceeds of which are to be paid into the general treasury on account of that state's quota of the debts of the United States; but it is not expressed by the said act for what requisition this provision is intended. The monies arising from the sale of this tobacco, and paid into the general treasury, will of course be passed to the credit of the state of North-Carolina, on the requisition of the 27th and 28th April, 1784, on which no payment appears to have been made.

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That the state of South-Carolina has credit in the treasury books for the sum of 415,514 dollars, which exceeds by 35,916 dollars the sums required of that state to complete her quota of the requisitions of the 27th and 28th April, 1784, and 27th of September, 1785.

That the state of Georgia did, on the 13th of February last, pass an act directing their treasurer to pay into the general treasury, the quotas assigned to that state by the resolves of the 4th September, 1782, 27th and 28th April, 1784, and 27th September, 1785; but as the said laws refer to a revenue act (of which a copy has not been transmitted) the board cannot determine how far the compliance of the said state will be operative.

From the above statement it appears, that seven states, namely, New-Hampshire, Massachusetts, Rhode-Island, New-York, Maryland, Virginia and Georgia, have passed acts directing the payment of the full sums in specie required by the act of Congress of the 27th September, 1785; for although the state of Pennsylvania has, by their act abovementioned, directed a certain sum in specie to be paid into the general treasury, on account of the requisitions for the years 1784, and 1785, the sum specified in the act for this purpose, falls short by 86,657 dollars (as has been before observed) of the sum necessary to complete the requisition of the 27th September last.

That six states, namely, Massachusetts, Rhode-Island, New-York, Virginia, and Georgia, have directed the whole payment of the sum called for by the last requisition.

That four states, namely, Connecticut, New-Jersey, Delaware and North-Carolina, have passed to acts (so far as the information of this board extends) in compliance with the same.

That from the state of South-Carolina, (though she is quota'd in the last requisition) from the facts stated in the former part of this letter, no payment can be expected.

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As to the efficacy of the funds which the different states rely on for enabling them to furnish their respective quotas, it is impossible for this board to form an adequate judgment.

In the act of the state of New-Hampshire, the specie directed to be raised, is to be assessed and levied on the polls and ratable estates within that state, agreeably to the last proportion of taxes for the several towns and places; but as this board are not in possession of the law referred to, so as to ascertain at what rate the polls and real property are rated, and whether those funds are burthened with any other engagements, it is impossible to determine what can be expected from the provision made by the act of that state. If the funds are the same as have been relied on for the paying of that state's quota of the requisition of the 27th and 28th April, 1784, experience demonstrates that no dependence can be placed on their efficacy: For, by the abstract, No. 1 herewith transmitted, it appears that the state of New-Hampshire owes, on the requisitions of 1784, the sum of 179,119.82-90ths dollars.

By the act of the state of Massachusetts it appears, that they have assessed on the different counties of that state the sum of £300,349:1:3 lawful money of that state, out of which the sum of £145,665, equal to 485,550 dollars, (the specie quota of that state) is to be paid into the general treasury, on or before the 1st day of January next. For the support of the civil government, is to be deducted from the whole sum, £25,784: 1:3 For the payment of the interest on their state debt, 29,000: 0:0 For redeeming army notes, payable 1784, 1785, and 1786, 100,000: 0:0 For replacing sums drawn out of the treasury for the support of the members of assembly, 1,101:18:0

It does not appear by this act, that any preference in payment is to be given to the requisition of Congress, and of course, as more than one moiety of the whole sum proposed to be raised is for state purposes, in which the support of the government, and the particular interest of their citizens is concerned, it may be inferred (from the general conduct of the several states) that the first monies collected under the act, will be appropriated for the objects last mentioned: Of course the specie payments of the

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requisition of Congress will be procrastinated, and any deficiency in the general tax, will fall on that sum which is appropriated for federal purposes.

From the state of Rhode-Island, no payment in specie can be expected on the requisition of the 27th September last. The whole amount of the specie quota on this act, is 25,545 dollars; against which they are authorised, by the resolve of Congress of the 16th February, 1785, to set off the balances due to the contractors for ox teams in the service of the United States, for the year 1781; and (in common with other states) the amount of their liquidated payments to invalids, in pursuance of the ordinance of Congress of the 7th June, 1785, which payments will in all probability absorb the specie sum on the last assessment.

Connecticut having past no act in compliance with the last requisition, nothing can be expected from her.

By the act of the state of New-York, though the treasurer of the state is directed to pay in the full proportion of that state's quota on the last requisition, at the periods therein specified, no funds appear by the said law to be provided for effecting this object. By a law enacted in the last sessions of the legislature of that state, a paper currency is made receiveable in all taxes whatsoever, from the first of May last. From this circumstance, and the correspondence which has passed on this subject, betwixt this board and the treasurer of the state (copies of which are herewith transmitted) little dependence can be placed in receiving, in the course of the present year, the full specie proportion of the quota of that state.

Jersey being in the same situation with Connecticut, nothing can be expected from that state.

From Pennsylvania no further payments in specie can be expected, on account of the last requisition, till a difference betwixt a statement made by the comptroller of that state and the treasury of the United States, of payments made on former requisitions, is decided on

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the principles of the statement last mentioned. A copy of the comptroller's statement, No. 2, and the remarks on it of this board, No. 3, will explain the reason of difference in the two statements.

From Delaware nothing is to be expected, for the reasons which have been applied to Connecticut and New-Jersey.

From Maryland, as the funds set apart for paying the specie quota of the last requisition appear more definite and substantial, than the provision made by the acts we have before observed on, there is reason to suppose they will be more productive; though, from the difficulties suggested by the commissioner of the loan-office of that state in his correspondence with this board, on the payment of the balance due on the requisition for the year, 1784, there is no reason to presume that she will pay in the present year the proportion of specie required of her by the last requisition.

From Virginia, though the act directs the payment of her full specie proportion, the revenue laws referred to in the said act do not shew what monies may be relied on from them; but from the best information we can obtain of the productiveness of the funds specified by their acts, we have no reason to suppose that the sum in specie to be expected from Virginia, on the present requisition, will be more than half her specie proportion.

From North-Carolina nothing is to be expected on the present requisition, no act having been passed in pursuance of it.

From South-Carolina no payment will be made into the general treasury, for the reasons before stated.

From Georgia, the nature of their funds not being known to this board, no opinion can be formed of what may be expected from the operation of their act. We have reason however to fear, that no payment will be made by that state in the present year. To the remarks naturally resulting from the above statement, we may venture to add one

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general reflection, which is applicable to the union at large, "That the effect of the present requisition is best to be judged of from an experience of the past."

With the requisition of 1784, every state in the Union complied, except North-Carolina and Georgia; with the present only eight states in the union have complied, so far as it respects the specie payment.

During the collection of the taxes under the requisition for the year 1784, the revival of a paper currency had few advocates in the several states. At present, the rage for another experiment in this fallacious medium has so far prevailed, as to enter into the system of revenue of several states. Judging from the facts we have stated, we do not conceive it probable, that even the sum of three hundred thousand dollars in specie will be paid into the general treasury in the present year, if no other resource is adopted than what can be expected from the line of requisition.

These circumstances it becomes our duty to state to Congress, that their wisdom may adopt such measures as shall appear most likely to avert a total ruin of our credit and character as a people, with foreign nations.

The sum in specie which ought to be provided for in less than twelve months, as has been observed, is at least three million and a half of dollars, (excluding altogether any provision for the domestic debt.)

The extent of the sum, which in all probability will arise from the requisitions, will hardly reach three hundred thousand dollars. Such is the crisis to which the affairs of the union are now reduced for want of a general revenue, established on such principles, as might call forth in the most equitable and efficient manner, the resources of the several states. This efficient revenue can only be expected from an immediate grant of the five per cent. impost, and from taxes commensurate to the supplementary fund, effectually levied, and sacredly appropriated to the federal treasury.

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In considering what expedients may probably be adopted for making up the deficiency of the specie sums which are essentially necessary to support our existence in a national character, nothing occurs as a probable mode of relief, but a sale in Europe of part of the western territory, which has been ceded to the United States. To attempt new loans, whilst no funds are established for paying the interest and principal of former ones, would in all probability be fruitless, even if it could be done consistently with those maxims of prudence and public integrity which ought to characterise the proceedings of every nation. What would be the success of the expedient we have suggested, cannot be ascertained; but when the disposition to emigration in Germany, Geneva and Ireland, is taken in to consideration, as well as the prospect of advantage from the rise in value of the lands in question, to those who might purchase on speculation, it appears not unlikely, that if a proper plan should be adopted, and the execution of it committed to a suitable agent, it might meet with success.

Unless some aid can be derived from this quarter, we see not the least prospect of our being able to make good the payment of interest which will become due on the Dutch loans in the ensuing year. All hope of our being able to succeed in making in season the payments to France in the year 1787, is now at an end; but the importance of making every exertion to fulfill the contracts we have entered into with the money-lenders in Holland must be very apparent. In this point of view only, we have taken the liberty to suggest to Congress the objects above mentioned.

With respect to the requisitions for the present year, which we have reported to Congress, it becomes necessary for us to observe, that we consider it merely as an expedient to evince the dispositions of Congress to do all the justice in their power to their foreign and domestic creditors, till the states feel the absolute necessity there is of furnishing the United States with adequate means to support their rank and character as a nation.

The mode of certifying the interest on the domestic debt is undoubtedly liable to objection, though it may be brought into a more manageable state than it is at present, by reducing

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the various evidences of the debt to one form, and by calling in annually some parts of the principal. This latter object would, we conceive, be compassed with great ease to the several states, and would have a powerful effect in establishing our credit with foreign nations.

But after all, what we have taken the liberty to suggest, are still expedients, should they even be successful.

The more our reflections are employed on this subject, the more we are impressed with a conviction that nothing but an immediate general adoption of the measures recommended by the resolves of Congress of the 18th April, 1783, can rescue us from bankruptcy, or preserve the union of the several states from dissolution.

With all due respect, we are Your Excellency's most obedient humble Servants. **SAMUEL OSGOOD, WALTER LIVINGSTON, ARTHUR LEE.**

His Excellency The President of Congress.

The **BOARD of TREASURY**, to whom was referred their Letter of the 19th of February last, together with the Estimates of the monies necessary for the Services of the present Year, One Thousand Seven Hundred and Eighty-six, submit the following **REPORT.**

RESOLVED, THAT for the services of the present year, one thousand seven hundred and eighty-six, for the payment of the interest, and two installments of principal on the French and Dutch loans, that are payable according to the contracts, in the beginning of the year 1787, and for the payment of one year's interest on the domestic debt, it will be necessary that three millions, seven hundred and seventy-seven thousand, and sixty-two dollars 43-90ths be paid into the common treasury, on or before the first day of January next, to be appropriated to the following purposes. For the civil department, Dollars. 169,352.86 Military department, 168,274.50 Contingencies, 94,294.65 For Indian affairs, 6,000 For the department of the geographer, 8,953

FOREIGN DEBT. For the payment of interest due this year on the French and Dutch loans, 317,985.10 For ditto of principal and interest due in the year 1787, which ought to be provided for this year, 1,392,059.17 For a balance of interest due on the Spanish loan, 2396.55 For one year's interest on debts due to foreign officers, 11,185.55 1,723,626.47 Domestic debt, one year's interest thereon, 1,606,560.65 Dollars, 3,777,062.43

*That the **QUOTAS** of the several **STATES** be as follows.* Indents. Specie. New-Hampshire, 56,452 76,268 Massachusetts, 240,370 324,746 Rhode-Island, 34,613 46,764 Connecticut, 141,474 191,135 New-York, 137,434 185,567 New-Jersey, 89,279 120,619 Pennsylvania, 219,765 296,908 Delaware, 24,037 32,475 Maryland, 151,570 204,775 Virginia, 274,707 371,136 North-Carolina, 116,749 157,732 South-Carolina, 103,015 139,017 Georgia, 17,167 23,288 2,170,430 1,606,632 3,777,062

That the aforesaid sums, when paid, shall be passed to the credit of the states respectively, on the terms prescribed by the resolve of Congress of the 6th day of October, 1779, and shall be applied in conformity to the statement in the preceding part of this report, giving preference according to the order in which they are placed in the estimate.

As one million, six hundred and six thousand, five hundred and sixty dollars called for, is to be applied to the payment of the interest on the domestic debt, that the several states be allowed to discharge the same by indents for interest on loan-office certificates, and upon other certificates of the liquidated debts of the United States: And to ascertain the evidences of interest due upon loan-office certificates, the holders thereof respectively, shall be at liberty to carry them to the office from which they issued, and the holders of other certificates or liquidated debts of the United States, to carry the same to the loan-office of that state wherein they are inhabitants, or if foreigners, to any loan-office within the United States, and to have the interest thereon settled and certified to the last day of the year 1785.

Provided that the commissioner of the continental loan-office in any state, shall not on any pretence whatever, settle or issue any certificate or certificates, for the interest due on any continental loan-office certificate, or other certificate of liquidated debts, until the state for which he is continental loan-officer, shall have passed a legislative act complying with this requisition; nor shall the commissioner aforesaid, in any state that shall have complied with this requisition, issue any certificate, or take any other measure whereby a discrimination may be made by such state, between the holders of loan-office certificates issued from his office, who are citizens of that state, and foreigners, or the citizens of any other states that shall have complied with this requisition: Provided always, that any continental loan officer shall issue certificates for interest as aforesaid, due on continental loan officer certificates issued from his office, and belonging to foreigners, and also to the citizens of such states as shall have passed a legislative act complying with this requisition.

That every commissioner of the continental loan office, previously to settling and issuing certificates as aforesaid, for the interest due on certificates of liquidated debts, other than loan office certificates, shall administer an oath or affirmation, or require a certificate signed by one of the persons whom the state in which the commissioner resides, shall, in the legislative act complying with this requisition, appoint, that he has administered to the owner or possessor of every such certificate, an oath or affirmation, that the same is *bona fide* the property of the particular state in which the first commissioner resides, or of a citizen or citizens of the said state, or of some corporate body or charitable institution within the same, or of some person who is not a citizen of any of the United States, describing the certificate or certificates alluded to in every such oath or affirmation, in such manner as shall be necessary to identify the same, or as may be prescribed by the legislature of the said state.

And for preventing the depreciation of certificates to be issued as aforesaid, the legislature of each state is required to provide, in the act complying with this requisition, that is, on the first day of July, 1787, the said state's quota of the said certificates so to be issued, shall

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not be in the hands of the state treasurer, or other proper officer, the deficiency shall be collected and paid into the continental treasury in specie, which, when so paid, is hereby appropriated to the redemption of such surplus certificates.

That the board of treasury furnish the several loan-offices with certificates to be issued for interest, as aforesaid; and also with such checks and instructions as they from time to time shall judge necessary to prevent counterfeited certificates of debts, from obtaining a settlement of interest, and to detect counterfeit evidences of interest, and thereby to avoid receiving them in discharge of taxes; which certificates of interest being parted with by the holders of the principal, shall be deemed evidence that he has received satisfaction for the same; and therefore shall be receivable from the bearer in lieu of money, in the proportion of one dollar and one third in specie for one dollar in indent, in any other state in the union, as well as in the state in which they were issued. That the state receiving such certificates, and paying the same into the public treasury, with a proportion of specie as aforesaid, shall have credit therefor, which payment shall be considered as a discharge of the interest on the domestic debt in the proportion that each state avails itself of the said certificates of interest. That all loan-office certificates issued after the first day of March, 1778, shall be reduced to their specie value, conformably to the resolution of Congress of the 28th June, 1780, and the interest shall be ascertained and settled agreeably to the specie value of the certificate. **SAMUEL OSGOOD. WALTER LIVINGSTON, ARTHUR LEE.**

June 22, 1786.